

## **CONGRESS SHOULD HOLD MEDICARE HMOs ACCOUNTABLE, BUT THE REAL PROBLEM IS PRESCRIPTION DRUG COVERAGE**

U.S. Rep. Maurice Hinchey  
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In recent months, thousands of Hudson Valley seniors have been left in the lurch by the Medicare health maintenance organizations (HMOs) that promised to provide them with quality, affordable health care. In Ulster County, seniors were left with no HMO in which they could enroll; Dutchess and Orange County seniors faced fewer choices and dramatic premium increases.

The main reason given by HMOs pulling out of the region or hiking premiums is that they aren't making enough profit from seniors. Their claims are disturbing for two reasons. First, an official study concluded that HMOs are actually overpaid. Second, the HMOs knew in advance how much Medicare would reimburse for each beneficiary. Despite the guarantee that Medicare would increase its reimbursement rates this year by at least five percent (with more increases promised in future years), these companies decided that providing Medicare services locally wasn't profitable enough.

The HMOs also learned that they could make more money off seniors by chasing scarce Medicare dollars around the state. It's no accident that, while many local seniors don't have access to a single HMO, seniors in New York City have as many as seventeen to choose from.

This process, called "cherry picking," is rooted in the way Medicare pays HMOs to provide services. Medicare bases its rates on the average cost of providing services in a county. In places where costs are higher, like New York City, the rate is higher than in rural areas like ours, where costs are lower. Many HMOs have chosen to serve seniors only in the counties where they can make the biggest profits.

This undermines the very intent of Medicare. Medicare was created so that every senior would have equal access to health care.

I'm sponsoring legislation to make HMOs play fair. The Medicare HMO Improvement Act would prohibit HMOs from engaging in cherry picking. It would also extend HMO contracts from one to three years and would ensure that at least one managed care provider is always available to seniors. These measures would restore some stability to the system, so seniors wouldn't have to worry where they'll get their health care from one month to the next.

This legislation would help, but Congress also must address the underlying problem: prescription drug coverage. Many seniors have told me that they joined an HMO because it was the only way they could afford their medications. Because traditional Medicare doesn't provide a drug benefit, millions of seniors are effectively forced into HMOs. The sensible thing to do is expand Medicare to include a comprehensive, affordable prescription drug benefit.

This is no easy task, as the pharmaceutical industry spends tens of millions of dollars on a lobbying campaign to protect their profits. Providing a Medicare drug benefit won't come cheaply either. But as Congress debates how to spend an anticipated \$3 trillion surplus, prescription drugs for seniors must be among our top priorities. It's simply the right thing to do.